

Message Text

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67

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 NEA-10 IO-14 ISO-00 CIAE-00

COME-00 DODE-00 FMC-04 INR-10 NSAE-00 RSC-01 CG-00

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 5477

INFO AMEMBASSY ATHENS

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMCONSUL HAMBURG

AMEMBASSY HELSINKI

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

USMISSION GENEVA

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ETRN, UK

SUBJ: SHIPPING: UK BILL ON PROTECTION OF SHIPPING

REF: STATE 218925

1. RELEVANT TEXT OF MERCHANT SHIPPING BILL SENT
SEPTEL. CONVERSATIONS WITH OFFICERS IN DTI SHIPPING
POLICY DIVISION REVEAL THAT THE PROTECTION OF SHIPPING
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PART OF THE BILL IS DESIGNED TO PROVIDE HMG WITH

CREDIBLE RESERVE POWERS TO TAKE EFFECTIVE AND COMPREHENSIVE ACTION SHOULD THE NEED ARISE. IT WAS THE LEGAL OPINION OF MANY WITHIN DTI THAT THE UNUSED CUSTOMS CONSOLIDATION ACT OF 1853 WAS A BIT DUSTY AND PERHAPS AN INEFFECTIVE LAW TO BE USED TO COMBAT FLAG DISCRIMINATION. THE SHIPOWNERS ASSOCIATION HAS FREQUENTLY ADVISED DTI THAT THE UK HAD NO WEAPON TO COMBAT FLAG DISCRIMINATION WHEREAS OTHER MEMBERS OF THE CONSULTATIVE SHIPPING GROUP (CSG) HAD SUCH LAWS. ALTHOUGH SOME IN DTI DO NOT BELIEVE THIS LAW IS NECESSARY OR EFFECTIVE OF ITSELF, IT WAS DRAFTED IN PART TO APPEASE THE UK SHIPOWNERS.

2. WE ARE ADVISED THAT THE LAW IS DIRECTED PRIMARILY AT THOSE LATIN AMERICAN COUNTRIES WHO PRACTICE EXCESSIVE FLAG DISCRIMINATION. ONE DTI SPOKESMAN REMARKED LIGHTLY THAT IT COULD EVEN BE USED AGAINST THE US. ON FURTHER QUESTIONING OF ANOTHER SENIOR DTI OFFICIAL, THE SUBJECT OF THE PENDING CARGO OIL PREFERENCE LEGISLATION WAS BROACHED. HE SAID THE DEGREE OF PREFERENCE IS THE KEY TO THE ISSUE: "IF THE LAW RESERVED 50-60 PER CENT, THEN IT WOULD BE SIGNIFICANT AND PERHAPS DISCRIMINATORY. IF IT WERE FOR LESS, THEN IT WOULDN'T MATTER." HE WOULD NOT PUT A FIGURE ON HOW LOW A FIGURE WAS TRIVIAL.

3. AS NOTED SEPTTEL, THE BILL PROVIDES FOR COMPLETE REGULATION OF SHIPPING, INCLUDING CHARTER PARTIES AND, ALTHOUGH NOT STATED, IT ALSO CAN REGULATE FREIGHT RATES. THIS IS AIMED AT GOVERNMENTS WHO MIGHT SET UP FREIGHT REGULATORY BODIES WHO WILL UNILATERALLY ESTABLISH LOW RATES FOR THEIR OWN EXPORTS. THE REASONING IS THAT SINCE THE IMPORTED GOODS WILL BEAR THE FREIGHT (TO MAKE UP FOR LOSS ON EXPORTS), THERE WILL BE A SEVERE DISTORTION OF TRADE. WITH THIS BILL, THE UK COULD MANDATE OTHER RATES.

4. AS TO THE TIMING OF THE BILL, WE ARE ADVISED THAT ITS ESSENCE HAS BEEN UNDER CONSIDERATION FOR YEARS. IT WAS CONVENIENT THAT THE MISCELLANEOUS BILL WAS LIMITED OFFICIAL USE

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ALREADY ON THE LEGISLATIVE CALENDAR. THE PROTECTION CLAUSE WAS DRAFTED ONLY RECENTLY IN ORDER TO HAVE IT INCLUDED IN THIS BILL WHICH HAS PARTS OF IT WHICH MUST BE PASSED BY THE END OF 1973.

5. THIS LEGISLATION IS A DORMANT POWER, AND SOME DTI OFFICIALS ARE FRANK TO ADMIT THAT IT WILL NEVER BE USED UNILATERALLY. IN ORDER FOR IT TO BE EFFECTIVE,

IT MUST BE I IONST (#)
WITH OTHERS. THIS SAME SPOKES-
MAN BELIEVES ALL OTHER CSG COUNTRIES HAVE POWERS TO
COMBAT FOREIGN GOVERNMENT FLAG DISCRIMINATION.

6. COMMENT: IT IS CLEAR THESE RESERVE POWERS ARE
DESIGNED TO BRING THE UK INTO A POSTURE OF STRENGTH
IN THEIR NEGOTIATIONS WITH CERTAIN LATIN AMERICAN
COUNTRIES. IT APPEARS UNLIKELY THAT THESE POWERS WILL
EVER BE USED UNILATERALLY. TO BE EFFECTIVE, HMG
WOULD HAVE TO TAKE ANTI-DISCRIMINATION STEPS IN
CONJUNCTION WITH OTHER EUROPEAN COUNTRIES.

ANNENBERG

NOTE BY OC/T: (#) AS RECEIVED.

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